FOREIGN AGRICULTURE

January 6, 1975

Sorting potatoes, West Germany

Will USSR Import U.S. Tobacco?

U.S. Variety Meat Exports

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

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Potatoes are carefully sorted on West German farm prior to being marketed for fresh consumption. West Germans are eating fewer fresh potatoes, but use of potato products is climbing. Article begins on page 14.

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USSR Holds Potential as Importer of U.S. Tobacco

By HUGH C. KIGER
Foreign Commodity Analysis, Tobacco
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As TRADE RELATIONS with the USSR continue to improve, the United States may eventually be able to tap that country's latent potential as a market for U.S. flue-cured and burley tobaccos, while also possibly becoming a market for Soviet oriental tobaccos. Despite still-lingering obstacles to development of such a two-way trade, the basic conditions favor its eventual development and growth.

The USSR, for instance, is fourth in world output of tobacco—and first in that of oriental types. But its role as a manufacturer and consumer of tobacco products is even greater, necessitating huge imports. Thus, it also ranks as the world's fourth largest importer of unmanufactured tobacco and the leading importer of cigarettes.

The United States, on the other hand, is a major producer and No. 1 exporter of flue-cured and burley tobaccos, while an importer of significant quantities of oriental types.

Despite these mutual needs, trade between the two countries has traditionally been limited to modest exports of U.S. cigarettes to the USSR, largely for sale in tourist hotels. And while the United States has counted European and Far Eastern countries as its major markets, the USSR has looked to Eastern Europe, India, and the Mediterranean tobacco producers to meet most of its import needs.

However, such suppliers will be hard put to meet USSR demand for high-quality flue-cured and burley tobaccos should the country begin large-scale production of American-type blended cigarettes. And if the USSR shifts to production of such cigarettes, it will have less need for the oriental type, which dominates domestic output.

With these factors in mind, U.S. and Soviet tobacco interests have been gradually enlarging contact, which has included a 1973 agreement for the exchange of tobacco teams and an actual team visit to the USSR in September 1973 by U.S. Government and trade officials. A reciprocal tobacco team is expected to visit the United States in the fall of 1975.

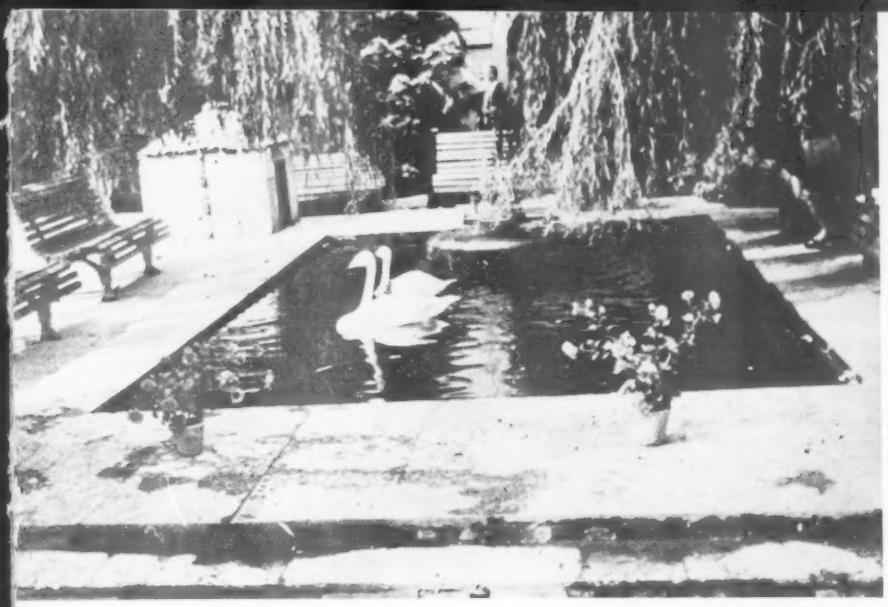
Members of the U.S. team [1] toured major Soviet tobacco areas and conferred with the Soviet Ministries of Food Industry, Agriculture, and Foreign Trade.

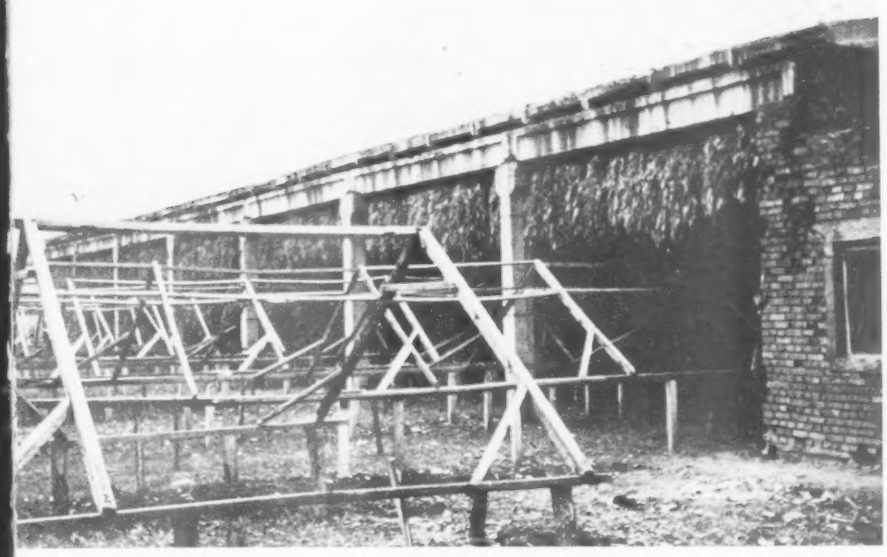
Team members visited the tobacco areas of Krasnodar, Sukhumi, Tbilisi, and Kishinev where they observed production, harvesting, curing, fermentation, manufacturing, and research facilities. They found, among other things, that producers generally were emphasizing yield and quality improvement of semi-oriental leaf, rather than acreage expansion.

They also concluded that the USSR trend toward "standard-type" cigarette production—consisting of domestic leaf blended with imported oriental and flue-cured tobaccos—would continue. At the time, however, USSR officials had not decided whether to produce a high-quality American-blend type of cigarette—a move that would greatly enhance USSR needs for U.S. tobaccos.

The team findings indicated that the Soviets would continue to make large imports of flue-cured—as well as oriental—tobacco to satisfy needs of their cigarette industry. For the near term, it did not see any of this coming from the United States but felt that explora-

[1] **Tobacco team members in addition to the author, who headed the team, and the then-U.S. Agricultural Attaché at Moscow, G. Stanley Brown, were: Joseph R. Williams, Washington, D.C., Clyde Wayne, Brunswick, N.C., L.L. Mauldin, Sylvester, Ga., James H. Montgomery, Gables, S.C., and S.T. Moore, South Hill, Va., representing Tobacco Associates Inc.; Malcolm B. Seawell, Raleigh, N.C., representing the Leaf Tobacco Exporters Assoc.; Horace Kornegay, Washington, D.C., representing the Tobacco Institute; Frank Snodgrass, Washington, D.C., representing the Burley and Dark Leaf Tobacco Export Assoc.; and J.D. Johnson, Knoxville, Tenn., representing the Burley Stabilization Corp.**





Top, a rest area in the courtyard of a tobacco factory at Tbilisi, Georgian Provinces, USSR. Above, Soviet semi-oriental leaf is cured in the sun during the day and in the shed during inclement weather. The Soviet Union ranks fourth in world output of tobacco, first as a producer of oriental types, and is the world's leading cigarette importer.

tory talks had established a good basis for two-way tobacco trade between the two countries in the future. Prospects for such trade were, of course, greatly enhanced by granting to the USSR of most-favored-nation (MFN) tariff treatment and Ex-Im Bank credits.

Prior to World War II, the USSR imported only 3 million pounds of tobacco. But since then, the import trend has been up, as consumer demand for cigarettes has risen and the Government has attempted to meet this demand by encouraging imports of oriental and flue-cured leaf for blending with domestic leaf in a "standard-type" cigarette.

USSR imports of leaf tobacco reached a peak in 1964 of 280 million pounds, of which Bulgaria supplied about 120 million of oriental and India supplied 65 million of flue-cured. Other major sources that year were Greece, Turkey, North Korea, Cuba, Romania, and Brazil.

Then, in the late sixties, Soviet imports of leaf tobacco declined to about half the 1964 level, only to rebound again in the past 3 years.

In 1973, the USSR imported about 204 million pounds of leaf tobacco valued at about $152 million, including an estimated 132 million pounds of oriental leaf, primarily from Bulgaria, Greece, Turkey, and Yugoslavia. In addition, about 73 million pounds of relatively low-priced, flue-cured leaf were imported mostly from India, North Korea, and the People's Republic of China (PRC).

Over the years, Bulgaria has always been the major single source of oriental imports by the USSR; however, Soviet imports from Greece, Turkey, and Yugoslavia have risen during the past few years.

During the late fifties, the PRC was the major source of USSR imports of flue-cured leaf. Imports from China reached nearly 100 million pounds in 1959 but became almost negligible in the sixties. Imports of flue-cured tobacco from China were resumed about 3 years ago and reached 18 million pounds in 1973.

IN RECENT YEARS, India has been a major source for flue-cured leaf, supplying about 69 million pounds in 1972 and 46.5 million in 1973.

Although the USSR is a major producer of cigarettes, significant quantities must be imported to satisfy the increasing consumer demand.

During the past 3 years, estimated Soviet imports of cigarettes averaged about 53 billion pieces annually, almost triple the quantity imported 10 years ago.

Bulgaria is the major supplier, accounting for 80-90 percent, or almost 50 billion pieces annually. Most of the Bulgarian cigarettes imported are made from a blend of oriental, flue-cured, and light air-cured tobaccos.

Other suppliers include India, Cuba, Egypt, North Korea, and the United States. During the past 3 years, imports of U.S. cigarettes have averaged over 100 million pieces annually; they are sold primarily in tourist hotels.

Cigars have been the only other tobacco product imported by the USSR. Cuba has been the sole source of these cigars, which have averaged 4-5 million pieces annually in recent years.

Exports of leaf tobacco and cigarettes by the USSR have been very small. In recent years, small quantities of leaf have been exported to West Germany, Switzerland, Sweden, and Egypt; however, total exports have been less than 4-5 million pounds per year. In recent

years, exports of cigarettes have averaged less than 1 billion pieces annually. The major export market for cigarettes has been Mongolia.

Tobacco import and export functions in the Soviet Union are performed by a State trading organization called Raznoexport, an agency of the Ministry of Foreign Trade. This agency has sole responsibility for purchasing requirements for foreign-produced leaf and products, and exporting USSR tobacco.

In tobacco production, the USSR is exceeded only by the United States, the PRC, and India. The Soviet crop in recent years has averaged about 600 million pounds a year, and an estimated 85 percent of this production now consists of oriental or semi-oriental types. The remainder is dark air-cured types—about 12 percent mahorka (native dark leaf, mostly for pipe) and 3 percent cigar types.

Twenty years ago, dark air-cured tobaccos accounted for more than half of the USSR's total tobacco production. However, because of consumer preference for tobacco products made from lighter tobaccos, production of oriental types has been steadily increasing at the expense of dark air-cured tobaccos.

ORIENTAL AND SEMI-ORIENTAL leaf tobaccos are produced primarily on the Black Sea Coast. The Krasnodar area is a major producing region; other important areas are the Crimea, Georgia, Armenia, and Moldavia.

Production of tobacco in the USSR is under the control of the Ministry of Agriculture. It is grown on large collective and State farms, which are operated from a central headquarters or village. These farms normally consist of several thousand acres with several hundred acres devoted to tobacco.

The Soviet semi-oriental types of tobacco have leaves much larger than the true oriental varieties. However, leaves are much smaller than those of U.S. flue-cured and burley.

To date, the only flue-cured and burley produced in the Soviet Union have been for experimental purposes. A decision has not been made to produce these types on a large-scale commercial basis.

To cure their tobacco crop, the Soviets pluck oriental leaf from the stalk, thread it onto a string, and place it in the sun or, during inclement weather, in a shed. Then it is sorted, graded, and baled.

A significant feature of tobacco processing in the USSR is fermentation—a method of preparing leaf for manufacture in about 10 days. By this method, cured and graded tobacco is put in chambers with specific temperature and humidity levels. Soviet tobacco is not allowed to age or "sleep" like U.S. cigarette tobaccos. Most factories attempt to maintain about 6 months' supply in inventory.

The major tobacco research facility in the USSR is the All Union Scientific Research Tobacco Institute at Krasnodar near the Black Sea. Research programs at the Institute cover all phases of tobacco production, curing, fermentation, and manufacture, but the major objectives of the program are to improve production efficiency, produce better quality leaf, and increase yields per acre.

"In tobacco products output, the USSR is one of the largest in the world and ranks third in world cigarette output—exceeded only by the United States and the People's Republic of China."

When the U.S. tobacco team visited this Institute, the Soviet tobacco research staff appeared well trained and educated and had an excellent knowledge of tobacco research.

In tobacco products output, the USSR is one of the largest in the world and ranks third in world cigarette output—exceeded only by the United States and the People's Republic of China. Manufacturing of tobacco products in the Soviet Union is under control of the Ministry of the Food Industry.

The Soviet Union produces nearly 400 billion cigarettes (including papirosy types) annually. Even though the trend in cigarette output has been upward it has not kept pace with the increasing demand for cigarettes.

About half the cigarettes produced in the USSR are the papirosy type, which consists of about 30 percent tobacco and the remaining 70 percent of the product is a hollow paper mouthpiece.

Papirosy cigarettes supposedly originated when most men wore long beards. The long paper mouthpiece was introduced to prevent discoloration of beards and beard fires. Today, the papirosy continues to be popular in the northern regions where it can be smoked and handled even with gloves in cold weather.

THE TOBACCO BLEND in the papirosy is similar to that in the "standard-type cigarette;" however, the latter is shorter and requires about 40 percent more tobacco.

In the late fifties the papirosy accounted for about 80 percent of total USSR cigarette output. However, production of the standard-type cigarette has steadily increased and now accounts for 50 percent of total cigarette production and this trend is expected to continue.

In addition, filter-tipped cigarettes have become increasingly popular and now account for 50 percent of standard-type cigarette production.

Production of other types of tobacco products in the USSR is very limited. In recent years, the USSR has produced only about 10 million cigars annually. Only about 3 million pounds are used annually for producing pipe tobacco and less than 2 million pounds for snuff. Chewing tobacco is not in demand.

USSR IMPORTS OF LEAF TOBACCO

Country of origin	1972		1973	
	Quantity	Value	Quantity	Value
	Million pounds	*Million dollars*	*Million pounds*	*Million dollars*
India	69.0	41.3	46.5	30.2
Greece	15.7	13.1	21.6	16.2
Bulgaria	81.4	72.3	87.5	74.4
Turkey	8.6	6.1	11.7	8.7
Yugoslavia	8.8	9.1	8.8	8.3
North Korea	2.9	1.4	7.5	3.8
People's Republic of China	8.4	4.0	18.0	8.5
Other	4.3	2.5	2.3	1.5
Total	199.1	149.8	203.9	151.6

World Beef Problems Continue —Some Hope Seen for Future

By RICHARD J. GOODMAN
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BEEF OVERPRODUCTION will continue to be a world problem in 1975, but the future holds some hope for improvement centering on the potential in foreign markets, particularly Asia, and the possibilities inherent in grass and forage —an area of production that has been largely neglected in the United States.

Except for the areas of African drought, world cattle numbers have been building for 6 years, and the trend is continuing. Beef production is already up, but that reflects heavier carcass weights as well as growth in slaughter numbers. Cattle slaughtered in relation to cattle numbers is actually less than it has been in the past. In the principal producing countries, slaughter in 1973 dropped to just under 27 percent of inventory compared to an average of about 31 percent during the 1960's. Thus, in terms of number, we are still getting into a beef oversupply situation rather than out of it, and the world outlook for 1975 is one of increases for red meat, despite an expected decline in pork production.

Numbers as of early 1975 can be expected to have increased beyond past trends, because of cattle holding actions in Australia, Central America, and Argentina as a result of limited export markets, unattractive prices, and good grazing conditions. And a return to a more normal slaughter rate in 1975 would produce an increase in world commercial beef production of about 7 percent.

On the demand side, there is no indication that the European Community, Canada, and Japan are prepared to abandon the restrictive import policies they put into effect this year.

The United States failed to budge Canada at the diplomatic level; thus President Ford has imposed retaliatory restrictions against the import of Canadian cattle, hogs, beef, veal and pork. (See *Foreign Agriculture*, November 25, 1974.)

Whatever the outcome of these efforts, general inflation, along with high prices stemming from protective policies, particularly in the European Community, will continue to exert downward pressure on meat consumption in these major importing countries. In 1975, EC requirements may be a little more than they have been this year.

In Australia, the export leader in beef, producer prices have dropped sharply from last fall's peaks. Cattle that were bringing over $30 a hundred pounds (carcass basis) last year are being pastured rather than sold at the prices of around $15 a hundred that have prevailed recently. Australia has had particularly good pasture conditions, with above-average rainfall. This has facilitated their holding of cattle.

THE DRASTIC change in the world beef situation in the past 18 months was a shock to the Australians, as to everyone else, and they are no doubt re-evaluating the situation. But while they are re-evaluating, the cows have to eat, and somewhere down the road these herds will be a problem for someone.

In our own country, high feed costs have compounded the problems of a beef production system based on marketing finished cattle. Feedlot operators are in a tight financial position, less grain is being fed, and feed increasingly may have to come from grass and forage.

The feedlot bind has sharply decreased calf and feeder cattle prices. This has shifted pressure to the cow-calf operator. Ranchers who a year ago were getting well over $300 for lightweight calves have seen the price drop to as low as $100.

This has led to stepped-up slaughter of cows and of steers off grass or silage. Thus far this year, more than 3 million nonfed steers and heifers have been slaughtered and that compares with about 400,000 for all of last year.

In terms of domestic supply, the outlook is for a slaughter of over 39 million head of cattle and calves in 1974 and an inventory of nearly 134 million head on January 1, 1975. That would be over 6 million more than a year earlier. The 1975 slaughter could reach 43 million. This, figuring an average calf crop and normal live cattle imports, would produce a carryover inventory of about 138 million head for 1976—a gain of about 4 million head.

Clearly, the cattle supply is top heavy, and beyond anything in previous marketing experience. The weather will play an important role in the marketing movement.

Those are the facts, and they do not make an appealing picture for the livestock industry. President Ford and Secretary Butz have expressed their concern and have pledged to act where they can to alleviate the problems.

U.S. imports under the Meat Import Law this year are down—by 22 percent during January–October—and are estimated at 1.115 billion pounds for all 1974. This is below the level that would trigger the imposition of import quotas under the Law.

Should this trend be reversed to the trigger point in 1975, the President promised on October 31 in Sioux City, Iowa, that he would either invoke quotas or negotiate voluntary agreements with foreign suppliers to hold down imports. In that same city he pledged to expand buying of U.S. beef for the school lunch program beyond the 125 million pounds that already had been purchased as of November 13.

THE NEW BEEF grading system that has been proposed should help some by enabling meat with less marbling to qualify for higher grades than at present.

Actions by the Executive Branch of Government, which is hemmed in by legal restraints and legislative leverage, may ease the pain somewhat but they will not cure the ailment. There is no cure in sight next week or next month, or in the next 6 months. But there are some glimmerings of hope.

Meat is becoming an increasingly better buy in relation to other commodities that are staple in the diet—as anyone who has recently bought high-priced rice, or sugar, or dried beans, and any of a number of other food products can testify.

Continued on page 15

Based on a speech delivered at the meeting of the Kentucky Beef Cattle Assoc., Louisville, Ky., Nov. 20, 1974.

Israel's Citrus Outturn Steady, Despite Wartime Dislocations

By RAFAEL N. ROSENZWEIG
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ISRAEL'S 1973-74 (October–September) citrus crop, despite wartime shortages of labor and transportation difficulties, was finally tallied at 1,643,000 metric tons, only marginally below the 1,646,900 tons produced in the previous crop year.

The volume of commercially marketed fruit was higher in 1973-74 by 10 percent—about 155,000 tons—because the new crop was unscathed by frost damage such as had injured the 1972-73 crop.

Total export sales in 1973-74 amounted to 817,000 tons—nearly half the total crop—and are expected to increase by about 13 percent in the 1974-75 crop year. There are, however, no official estimates of 1974-75 production.

The 1973-74 crop year was beset by several major obstacles, including inflation, labor shortages, adverse weather, and transportation difficulties. The fact that the crop, in light of these problems, was harvested at all and shipped to domestic and overseas markets is viewed as a major achievement.

A record quantity of 739,000 tons of fruit was processed in 1973-74—up 17 percent over the 1972-73 year. But prices paid by processors remained below growers' cost, and a Government subsidy of about $7.50 per ton is to be paid in the 1974-75 year to alleviate some of this economical squeeze.

Production of Shamouti oranges—the dominant variety—rose slightly in 1973-74, while output of Valencias—next important in volume—was down marginally. Total orange production remained steady at about 1.2 million tons.

The 1973-74 grapefruit crop of 389,000 tons was the largest on record, but only 5,000 tons higher than the previous year's.

The lemon outturn, in accordance with the biennial cycle of lemon production, declined sharply from 42,000 tons in 1972-73 to 31,700 tons.

The quality of both Shamouti oranges and of grapefruit declined as the season developed, due to a heat wave in December and extremely heavy rains in January. Despite severe culling in packing houses, many complaints—especially concerning grapefruit—were received from overseas markets.

An additional difficulty was the partial absence of trained workers in both groves and packing houses. During most of the season, a large segment of Israel's manpower was in the country's armed forces, and this shortage had its influence on the quality of work performed both in harvesting and packing.

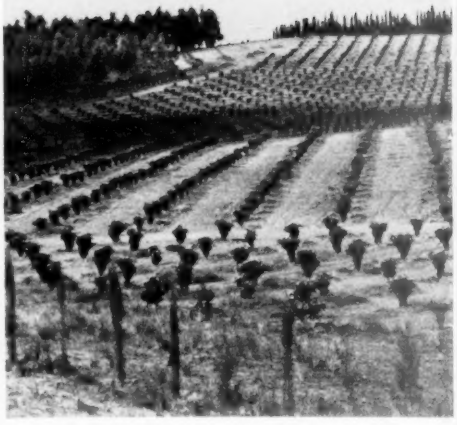
There were no significant changes in the citrus bearing areas during 1973-74. New plantings were about equal to trees taken out of production—the same equilibrium that has been evident for about 5 years.

It is unlikely, however, that this situation can continue, as about 22 percent of all citrus groves were planted more than 26 years ago and only about 15 percent were planted after 1964. Many of the older groves that are near urban and suburban areas are now being uprooted for economic reasons such as urban expansion.

ALSO, very few plantations pay their cultivation costs beyond their 35th year. As the older and larger areas are taken out of production, replacement becomes a problem since neither water resources nor suitable land are available in unlimited supply.

Stationary irrigation of citrus is becoming more popular, due to mounting costs of labor. For the same reason, both mechanical picking and ripping (picking of fruit without shears) is being tried. In the 1973-74 season, the shortage of trained workers made it impossible to continue these changes at a rapid pace.

Israel's inflation as measured by the index of agricultural input prices increased between April 1973 and March 1974 by 39.2 percent. By August 1974,



the increase since April 1973 had reached a staggering 67.4 percent.

At the same time, returns on fruit sold remained almost constant on a quantity basis. In real terms, this trend means, of course, that citrus producers experienced a considerable loss of income. This misfortune followed a season in which producers had already seen 10 percent of the crop eroded because of adverse weather.

As a result of this economic distress, requests for more Government assistance are increasing. In February 1974—approximately in mid-season—the export incentive was increased slightly to I£1.42 for each US$1, f.o.b. value (at current exchange rates, I£=US$0.15).

A further increase in July put the premium at I£1.84. These increases are, however, merely intended to compensate exporters for indirect taxes, which were increased at about the same time.

The total increase in returns from exports subject to the larger export premium—which applies in full only to the 1974-75 season—is 13.1 percent.

In the fall of 1974 a $7.5 million loan fund was made available to citrus farmers. Terms are repayment in 3 years at 7 percent preferred interest, unlinked to the cost-of-living index.

At present, normal terms on the free

Young irrigated citrus groves in Israel, typical of rural groves replacing older ones in urban and suburban areas.

market would be an interest rate of 28 percent or higher, while institutional terms would mean a linking of both capital and about 7 percent interest to the cost-of-living index.

A further measure of assistance applying to the current season is the new Government subsidy of about $7.50 per ton for fruit delivered to citrus processors.

Total exports recovered from the 1972-73 low of 755,000 tons caused by frost and reached 817,000 tons in the 1973-74 season.

ALL OF THE increase was in oranges; the volume of grapefruit exports was down somewhat. Domestic fresh sales declined again, but processing hit a record high of 739,000 tons—a gain of more than 100,000 tons over the 1972-73 year and about 45 percent of the total crop as compared with 38.8 percent in the previous year.

Despite the wartime labor shortage and transport problems, Israel continued in the 1973-74 year to supply its markets for fresh fruit almost on schedule. Both the United Kingdom and West Germany increased their purchases of Shamouti oranges, and Israel regained its share of the Dutch market, which had slipped a year earlier.

A strong market position was maintained in the Scandinavian countries, especially in Finland, where imports of Israeli citrus amounted to more than 23 pounds per capita. Exports to Switzerland declined.

The Citrus Marketing Board notes that the success in Finland is related to an efficient publicity campaign. The Swiss agent of the Board, on the other hand, has complained about the small size of the promotion budget for that country. TV advertising is employed in both countries.

Exports to Italy declined, due—according to the Board—to the economic crisis in that country. Sales to Eastern Europe remained at the previous year's levels.

Among the smaller markets, Japan became more important. During the 1973-74 season, 6,600 tons of citrus fruit—mostly grapefruit—were shipped there, compared with 4,100 tons in 1972-73. One shipment was necessarily routed via Gilbraltar and South Africa, due to war conditions.

Shipments to the United States and Canada declined again. The cost of moving a crate of citrus fruit from an Israeli port to a Philadelphia warehouse is about $2.90, and it is not clear why these exports are maintained. The average shipping cost of all citrus exports in 1973-74 was about 83 cents per crate of about 45 pounds.

The decline in sales from 78,400 tons in 1972-73 to 72,400 tons in 1973-74 was in all forms of citrus fruit expect grapefruit, which increased. The decrease may be due in part to military mobilization although domestic sales actually have been trending down for the past 6 years—from 62 pounds per capita in 1966 to 48 pounds in 1973-74.

Export prices, f.o.b. and expressed in U.S. dollars, increased to a very limited degree in 1973-74, compared with 1972-73—a development due in part to the declining value of the U.K. pound sterling. In terms of Israeli currency, the average price rise was 5.5 percent—the result of the higher export premium.

Prices of fresh fruit locally increased 36 percent, but since this increase applies to only 4 percent of the total crop, its effect on the total citrus market is marginal. A large percentage of the crop was processed, and the average price per ton of citrus fruit to the producer in 1973-74 was only 1.1 percent higher than in 1972-73.

Production in Gaza in the 1972-73 season showed a marked increase over the previous year at 205,000 tons, and a first estimate of the 1973-74 crop indicates a further increase in the quantity harvested there.

THE FROST that destroyed 10 percent of the Israeli crop caused only marginal damage in Gaza. More than half the Gaza citrus output is in Valencias, which ripen earlier than the fruit in Israel and could, therefore cause competition with later Israeli Shamouti oranges.

Outturns on the West Bank increased 23 percent in 1972-73, due entirely to young plantations in the Qualqilya and Tulkarem areas. Most of the production is in Shamouti oranges, with lemons playing a more important part than in Israel. Grapefruit production is marginal. Most of the West Bank production is sold locally. The economic importance of West Bank production is small, but is increasing.

Israel's citrus processing has increased steadily in the past 5 years—from 325,000 tons in the 1969-70 year to 739,100 tons in 1973-74. More than 95 percent of the processed products is exported.

Most processed fruit goes into concentrates or single-strength juice, which is then exported in bulk for further processing. In many cases, the product loses its identity and bears only the name of the drink or jam manufacturer in the importing country.

The most important finished citrus product exported is grapefruit slices. About 30,000 tons of fresh grapefruit are processed into slices, and the product has a large institutional market, especially in the United Kingdom. Export of canned grapefruit slices amounted to 20,500 tons in calendar 1973, with an f.o.b. value of almost $8 million.

While the Citrus Marketing Board holds a monopoly in the sale of fresh citrus fruit—it is illegal to sell more than 100 pieces of fruit outside Board market arrangement — there is no counterpart organization for Israel's processed citrus products.

Larger processers export directly, while a number of smaller processors

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U.S. Variety Meat Export Trade Faces Slower But Steady Growth

By ARTHUR F. HAUSAMANN
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EXPORTS OF U.S. variety meat, which in the 1960's nearly doubled in volume and more than doubled in value, now face a period of slower but steady growth.

World marketing patterns in variety meat trade are shifting in response to the world oversupply of meat and accompanying slack demand. Supplies of carcass meat as well as variety meat are up in all major meat-producing and importing countries.

The European Community in 1973 took 70 percent of the volume and 78 percent of the value of U.S. variety meat exports.

Exports in calendar 1974 probably will reach a new record of more than 300,000 pounds or about 40 percent of total world trade in variety meat.

Exports to the EC, Japan, and Canada were down, but exports to Mexico and other developed countries were up sharply.

A reduced level of cattle slaughter in Argentina in 1971 and a consequent smaller volume of variety meat exports resulted in a sharp increase in exports of U.S. variety meat in that year.

Argentine production recovered in 1972 and U.S. exports declined, although to a point still well above that reached in any year prior to 1971. In 1973, the level of U.S. exports jumped again—this time because of reduced European variety meat production and higher prices of red meat.

In calendar 1975, exportable supplies of U.S. variety meat are expected to be down slightly, with about 7 percent more beef offal, 13 percent less pork offal, and smaller supplies of sheep offal. The main competitors in the beef variety meat market—Australia and Argentina—are expected to produce more beef, so that lower beef offal prices are anticipated.

Although U.S. variety meat exports increased from 159 million pounds in 1963 to 282 million pounds in 1973, further increases may be in jeopardy if EC meat inspection regulations are not modified.

In the EC, the third-country meat import regulations could cause problems in the future. Currently, West Germany is applying a literal interpretation of these regulations. On December 15, 1973, the West German Government banned the importation of all red meat from the United States because U.S. plants did not comply with EC regulations.

The West German action could lead to a loss of about 11 percent of the total U.S. variety meat export market. Other countries take the position that their own regulations are adequate, and that it is unnecessary to invoke the more rigid conditions of the EC regulations. West Germany thus far, however, has declined to relax the prohibition.

THE MAJOR U.S. competitors in world variety meat trade are Australia, New Zealand, and Argentina. However, the combined volume of exports from these countries is only slightly more than the total volume shipped by the United States.

Australia and New Zealand have a slightly larger share of the U.K. market than the United States because of the U.K. Commonwealth preference provision, which is now being phased out.

The United States has had the largest share of the markets in France, West Germany, and the Netherlands. Shipments from Australia and New Zealand to these countries are nil.

Argentina ships most of its variety meat to Italy and France. The United States has been unable to enter the Italian market since 1969 because of the ban there on imports of meat from animals that have been fed growth hormones.

World trade in variety meat has increased at about the same rate as red meat production. Red meat trade has shown a faster rate of growth because it is more responsive to increases in income. The average price of variety meat exports has usually followed average wholesale beef prices.

Variety meat—also known as fancy meat or offal—is defined as the part of the animal used for human or animal consumption but not part of the dressed carcass. Products usually included are hearts, kidneys, tongues, tripe, livers, and tails.

Consumption of variety meat in the United States represents a smaller share of total meat consumption than in Europe. However, in terms of actual per capita consumption, the total is about the same.

The United States exports 9-11 percent of its total variety meat production, with the remainder consumed domestically. Of the other animal byproducts, exports of hides account for about 38 percent of domestic production, while exports of tallow and grease account for about 44 percent. The United States is the world's largest exporter of hides, tallow, and variety meat.

U.S. variety meat exports are divided into several different tariff classifications. The most important is beef tongues, which account for about 25 percent of exports by volume and about 40 percent in value.

In 1973, U.S. beef tongue exports accounted for 57 percent of total commercial production. Since 1964, beef tongue exports have accounted for 47-75 percent of domestic commercial production.

Beef liver is the second most important export category. Liver accounts for 14 percent of both volume and value of exports, and liver exports account for about 13 percent of domestic production.

Pork liver exports account for about 18 percent of variety meat export volume, about 15 percent of export value, and exports account for 20 percent of domestic production.

These three products account for about 57 percent of U.S. export volume in variety meat and about 70 percent of value. Other beef variety meat products account for 18 percent of volume and about 14 percent of value. Other pork variety meat products account for about 18 percent of volume and 10 percent of value. Smaller shares are accounted for by sheep and veal variety meat.

Quality of variety meat products shipped from the United States stands well in competition with the products of other supplier countries. U.S. products are considered good buys at attractive prices. Most foreign buyers are shopping primarily for low-priced products, and are not interested in fancy packaging.

U.S. meat inspection regulations have helped to standardize the quality of variety meat products. Also, because of relatively low domestic demand for variety meat, U.S. exporters can assure overseas buyers of consistently ample availabilities at prices that are fully competitive in world trade.

In order to assure receipt of acceptable products, foreign importers require as part of the sales contract the USDA inspection number showing the plant in which the product was processed. The plant number is required on the container as well. Importers know from experience which plants produce the desired quality of meat.

Most variety meat products exported from the United States to Europe are in fresh, chilled, or frozen form, and are used in food manufacturing. Imported edible meat offal is regarded in Europe mainly as raw material for the food processing industrry.

Import duties on variety meat products are lower than those for other meat products. Also, most meat duties have been bound under GATT (General Agreement on Tariffs and Trade).

In the Community, the duty on carcass beef is 20 percent plus a levy, while prepared beef and offal products are dutiable at 26 percent. Variety meat rates, however, are only 14 percent on liver and 12 percent on other products.

France is the largest importer of U.S. variety meat. U.S. exports to France accounted for 28 percent of total U.S. variety meat export volume in 1973, and 35 percent of value. Beef tongues are the most important U.S. variety meat product exported to France, accounting for $25 million of the total $43.7 million worth of these exports.

The United States has about 40 percent of the French market for imported beef tongues, down from about 45 percent in 1971. Argentina is the other major supplier, but its 1972 and 1973 exports were less than half the U.S. volume of this product.

Beef livers are the second most important U.S. variety meat export to France, accounting for $10.3 million or about 24 percent of the total. The U.S. share of the beef liver market was 65 percent in 1973—down from 84 percent in 1971 because of the resurgence in Argentina's exports. Argentina now has about 20 percent of the market.

The United States has about 56 percent of the French pork liver import market and about 40 percent of the pork kidney market. U.S. exports of these products to France increased sharply from less than 10 million pounds in 1960 to 50 million pounds in 1964. Since then, however, exports have increased at a slower rate.

THE UNITED KINGDOM is the second most important U.S. variety meat market. In 1973, the United Kingdom accounted for 53.6 million pounds of variety meat products valued at $23.2 million—about 19 percent of total exports both by volume and in value. The United Kingdom imports practically the entire supply of exports of U.S. lamb kidneys, despite the strong trade positions held by Australia and New Zealand as the largest export suppliers of edible sheep meat offal.

The variety meat products imported by the United Kingdom from the United States differ from those imported by France. A large portion of the U.K. imports are used in the manufacture of pet food.

In France, however, 72 percent of the volume and 80 percent of the value of variety meat imported from the United States is beef tongue and liver.

In the United Kingdom, only 30 percent of the volume and 42 percent of the value are in beef tongues and livers. The United Kingdom has banned imports of U.S. pork products because of hog cholera.

The four next most important markets for U.S. variety meat are Mexico, West Germany, the Netherlands, and Belgium. Before West Germany banned U.S. variety meat, trade had grown to a value of about $13 million per year, about 90 percent of which was in pork liver.

Trade with the Netherlands has increased sharply in value to more than $11 million in the past few years, but volume has declined. Most of the U.S. variety meat exports to the Netherlands are in beef tongues and beef and pork livers.

Belgium's imports of U.S. variety meat were valued at about $8 million in 1973.

U.S. exports of variety meat to Mexico have increased from less than 5 million pounds prior to 1965 to 34.5 million pounds, valued at $6.4 million, in 1973. Of this volume, 66 percent was in pork and 20 percent was in beef products.

U.S. markets for variety meat in Japan and Israel are growing. Japanese purchases are heaviest in beef tongues and beef livers; Israel is an increasingly important customer for beef livers.

Growth of markets in areas other than Western Europe is forecast to be slow but steady. As meat and poultry consumption expands with better living standards, variety meat will share in the market expansion.

U.S. EXPORT OF VARIETY MEAT

Destination	Average 1961-65	1968	1969	1970	1971	1972	1973 [1]
	Mil. lb	*Mil. lb*	*Mil. lb*	*Mil. lb*	*Mil. lb*	*Mil. lb*	*Mil. lb*
France	35.1	61.7	70.0	64.6	81.2	88.3	78.8
United Kingdom	39.4	47.5	49.0	45.1	44.4	45.9	53.6
Netherlands	37.4	31.6	28.2	29.6	30.8	23.0	25.6
West Germany	35.8	23.9	26.5	35.7	52.8	30.7	30.8
Mexico	4.6	20.4	23.9	27.8	21.7	20.2	34.5
Belgium-Luxembourg	3.8	7.1	9.2	9.5	11.4	13.6	13.0
Japan	.8	7.5	8.6	2.7	1.3	4.0	11.8
Canada	2.5	6.0	7.0	8.5	10.7	10.1	10.6
Sweden	4.0	6.1	2.9	2.4	.7	—	.1
Israel	1.3	3.0	2.9	3.8	4.3	5.2	6.0
Hong Kong	1.4	.2	2.6	1.5	.9	.4	.4
Jamaica	.4	1.7	1.6	1.7	2.2	2.8	3.3
Finland	.1	.5	.9	.4	.2	—	[2]
Switzerland	1.1	.8	.8	.7	.7	.4	1.3
Spain	.6	.3	.8	.1	.1	1.1	.1
Other	4.2	6.9	4.9	5.4	14.1	8.4	12.0
Total	172.5	225.2	239.8	239.5	277.5	254.1	281.9

[1] Preliminary. [2] Less than 50,000 lb.

Tobacco Production and Trade in Southern Africa part 3

South Africa, Angola Up Tobacco Output—Mozambique's May Rise

By ROBERT W. JOHNSON
Foreign Commodity Analysis, Tobacco
Foreign Agricultural Service

OF THE THREE COUNTRIES making up the southernmost regions of Africa—South Africa, Angola, and Mozambique—the first two are expected to increase tobacco output and exports somewhat, the latter may, or may not.

Angola and Mozambique are Portuguese Overseas Provinces but may become independent. Independence would bring a mixed bag of tobacco problems that will have to be solved by the industry. New production policies will probably be evolved and will undoubtedly have some effect on output. Trade ties with Portugal will be weakened, necessitating development of new markets or strengthening existing ones.

The Republic of South Africa is the only tobacco producer in southern Africa whose output is solidly based on irrigation, with 95 percent coming from watered land. Thus, it is the only one in the region with production methods distinctly different from the area's other producers.

The Republic of South Africa is traditionally among the top three tobacco producers, exporters, and importers of the 11-nation African group, some of which were discussed in previous articles.[1] In 1973 it stood first as a leaf importer and third as a producer and exporter; it also ranks high among these countries as an importer and exporter of tobacco products. In that year, product imports amounted to about $12 million, while exports were some $1 million. The United States supplies only a minimal amount of the Republic's leaf and product imports.

South Africa's annual tobacco output averaged 60.5 million pounds in 1960-64, increasing by 7 million pounds to an average of 67.3 million between 1965 and 1969, while exports rose by 6.5 million pounds to an average of 20.7 million pounds. Imports increased by 9 million pounds to 13.6 million. In 1973, South Africa produced 68 million pounds, exported 24 million, and imported 30 million.

About 60 percent of production is flue-cured, 30 percent dark air-cured, and the balance light air-cured, burley, and oriental. About 4,800 producers average about 17 acres each.

Most South African tobacco is produced west of Pretoria in the Rustenberg area. About 95 percent of the crop is grown on irrigated land. Competing crops are cotton, vegetables, and livestock. Tobacco and wheat are sometimes rotated with each other within a 12-month period.

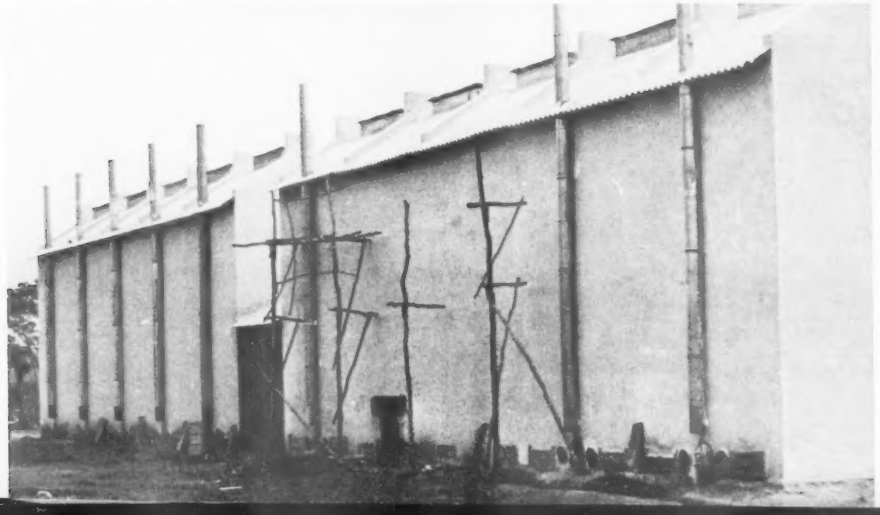
Labor costs have been rising because many tobacco workers have taken advantage of better opportunities offered by industry. Farm wages increased 27 percent in 1973 and another 30 percent in 1974, bringing the present rate to about US$1.70 per day, plus housing, food, and medical care.

Tobacco production in South Africa has been controlled by a Tobacco Board since 1935. This agency—composed of 16 members representing producers, manufacturers, and distributors, and one from the Government—recommends to the Government Marketing Board prices to be paid by manufacturers for packed tobacco.

After the price is set, the country's nine cooperatives purchase tobacco from the farmers, giving them a partial payment at that time. The co-ops pack the leaf, sell it to manufacturers at the

From top, C. Harry Germishuis, left, senior assistant in the Office of the U.S. Agricultural Attaché in Pretoria, and an employee of the Rustenberg Cooperative of South Africa, examine 200-kilogram cases of flue-cured tobacco awaiting inspection prior to being exported to the United Kingdom; cigarette packing area in a Lourenco Marques, Mozambique factory; and Mozambique flue-curing barn.

[1] **See *Foreign Agriculture*, Dec. 23 and 30, 1974, for articles dealing with Rhodesia, Malawi, Zambia, Tanzania, the Malagasy Republic, Zaire, Uganda, and Kenya.**



approved price, and then divide the profits from the sale among the producers. Average payment to the producers was 80 U.S. cents per pound for the 1972-73 crop of flue-cured and 64 cents per pound for burley.

No subsidy is paid by the Government to producers or exporters. However, the co-ops provide a stabilization fund for buying and storing surplus tobacco.

The Tobacco Board imports all of South Africa's tobacco and authorizes the co-ops to act as agents in making exports. Imports are made to compensate for the deficit between consumption and domestic production less exports.

Most of the Republic's exports are to the United Kingdom under the Commonwealth preference agreement. However, this privilege will be phased out by 1977 as the United Kingdom adopts the European Community's Common External Tariff.

Imports are mostly from Rhodesia and Malawi, both of which have trade agreements with South Africa. Leaf from these two countries enters duty free, although imports from other sources are subject to a tax of 53 U.S. cents per pound. Cigarette manufacturers decide from what sources to import leaf after the Tobacco Board has set the quantity and maximum import price.

In 1973, South Africa's cigarette consumption was 18.6 billion pieces and has been increasing at an annual rate of about 2 percent for the past 3 years. Cigarettes retail for the equivalent of 45 U.S. cents per pack of 20 for the most popular brands.

Mozambique produces about 11 million pounds of tobacco, exports about 4 million, and imports about 500,000. Portugal has been the largest customer for Mozambique exports and Rhodesia supplies most of its imports. About 10-15 percent of domestic cigarette production is exported, mostly to Angola.

TOBACCO PRODUCTION has grown rapidly from an annual average of about 2 million pounds during the early 1950's to an average of about 11 million during the past 3 years.

About half of the crop is flue-cured; burley accounts for most of the balance. Most flue-cured and burley are marketed through cooperatives, which negotiate prices with manufacturers. The average price paid for the 1973-74

". . . South Africa is traditionally among the top three tobacco producers, exporters, and importers of the 11-nation African group."

crop was 82 U.S. cents per pound (packed weight) for both flue-cured and burley—a somewhat unrealistic price in view of the real value of the currency.

There is no Government established minimum price for the flue-cured and burley but there is for dark tobacco, which sells for about 33 U.S. cents per pound (1973-74 crop at official exchange rate of US$1 = M. Ec25). Crops that compete with flue-cured and burley are corn, rice, cotton, cattle, cashews, and irrigated soybeans.

Exports reached 1.1 million pounds in 1958 and 2.4 million in 1960. They stayed at a level of about 2 million pounds during the 1960's, were 2.9 million in 1971, and 6 million in 1972. As a result of a poorer crop and larger domestic utilization in 1973, exports are estimated at only 4 million pounds.

The Government limits imports to 15 percent of the previous year's utilization. More may be imported if Mozambique production is insufficient to supply the domestic market.

Most imports are flue-cured tobacco from Rhodesia at an average price of about 59 U.S. cents per pound—about the same as Mozambique's export price. In addition, importers must pay a duty of 6 percent ad valorem plus a 7-percent customs clearance tax.

Mozambique cigarette production was 2.5 billion pieces in 1971, fell slightly to 2.48 billion in 1972 as exports dropped, and increased to 2.75 billion in 1973.

Cigarette imports are effectively prohibited by a duty of about 20 U.S. cents per pack of 20 plus the 7-percent ad valorem customs clearance tax.

There are three firms producing Mozambique cigarettes, prices of which are controlled by the Government. Dark cigarettes have 65 percent of the market and light cigarettes 35 percent.

The most popular dark cigarettes sell for the equivalent of 16 U.S. cents per pack of 20. The favorite light brand is an all flue-cured cigarette selling for the equivalent of 36 U.S. cents per 20. Filter cigarettes currently make up 40 percent of the market.

Angola produces an average of about 13 million pounds of tobacco a year, exports 8 million pounds, and imports about a half million.

Production has increased rapidly in recent years from an average of 5.6 million pounds in 1960-64 to 12.9 million pounds in 1973, and may go to 15.2 million in 1974. Flue-cured output has accounted for most of this increase, rising from an average of 750,000 pounds in 1960-64 to 4.2 million in 1972-74. Burley—although representing a small percentage of the total—went from practically nothing in 1960-64 to an average of 311,000 pounds in 1972-74.

Fire- and dark air-cured production has remained relatively stable at around 3-4 million pounds. Flue-cured and burley production has expanded as the result of incentives from both Government and private firms. The outlook is for continued expansion if private growers are allowed to remain relatively free of Government controls.

Exports have also increased from an average 2.4 million pounds in 1960-64 to an average of 8 million in 1971-73. Most exports are to Portugal though the United Kingdom, Spain, and Ireland are also fairly important markets.

Angola imported an average of 462,000 pounds of leaf tobacco in 1970-72. Most of these imports were from Mozambique and the United States. Imports of tobacco products averaged 838,000 pounds during this period. Virtually all of these were from Mozambique.

"Independence would bring [Angola and Mozambique] a mixed bag of tobacco problems that would have to be solved by the industry."

SOUTHERN AFRICA: TOBACCO PRODUCTION AND TRADE FOR SELECTED COUNTRIES
[In 1,000 pounds]

Country	Average 1960-64	Average 1965-69	1971	1972	1973	1974
Production: [1]						
South Africa, Rep. of	60,480	67,300	75,838	71,516	68,321	58,995
Angola	5,644	13,215	8,113	10,838	12,941	15,212
Mozambique	5,093	6,236	10,653	11,508	11,003	6,614
Other [2]	306,365	288,777	250,039	302,364	272,402	316,935
Total	377,582	375,528	344,643	396,226	364,667	397,756
Exports:						
South Africa, Rep. of	14,208	20,711	20,044	22,601	24,342	—
Angola	2,389	5,610	4,164	4,363	15,088	—
Mozambique	1,854	2,462	2,935	6,122	4,000	—
Other [2]	232,020	176,722	155,956	203,814	173,347	—
Total	250,471	205,505	183,099	236,900	216,777	—
Imports:						
South Africa, Rep. of	4,634	13,634	13,123	25,214	29,669	—
Angola	465	566	626	419	340	—
Mozambique	996	800	500	500	500	—
Other [2]	6,943	15,799	22,146	19,105	20,174	—
Total	13,038	30,799	36,395	45,238	50,683	—

[1] Year of harvest. [2] Rhodesia, Malawi, Zambia, Zaire, Malagasy Republic, Tanzania, Kenya, and Uganda.

Argentina's Edible Oilseed Crop Seen Well Ahead of 1973-74

ARGENTINA'S 1974-75 production of edible oilseeds is expected to exceed 1973-74 output by 13 percent, as a result of a 4 percent increase in acreage and improved yields. But outturns of inedible oilseeds are expected to be about 4 percent below those of 1973-74, because the increase in flaxseed production will not be sufficient to offset the substantial decline of 47 percent in tung nut production.

Edible oil exports are expected to be up 13 percent in 1975 as a result of larger shipments of peanut oil. However, if production of soybeans and exports of soybean oil exceed 1974 totals by 10-15 percent—as forecast in some quarters—total edible oil exports in 1975 will exceed those of 1974 by a strong 18 percent.

Exports of inedible oil in 1975 are expected to exceed 1974 levels by about one-third, as a result of the larger flaxseed crop and exports of tung oil from the large 1973-74 crop, which will not move out until 1975.

(Argentina's crop period for sunflowerseed is March-June; flaxseed, November–January; soybeans, April–June; peanuts, March–May; and cottonseed, February–July.)

The 4 percent reduction in the total area planted to edible oilseeds in 1973-74 was more than offset by higher yields, primarily in sunflowerseed outturns. Total edible oilseed production exceeded that of a year earlier by 3 percent.

The substantial increase in production of tung nuts in 1973-74 more than offset a 10 percent decline in production of flaxseed, and output of all inedible oils was 22 percent above that of the previous year.

Exports of edible oils in 1974 are estimated at 158,000 tons, up only marginally from those of 1973, but the composition changed significantly as shipments of soybean oil moved up dramatically and sunflowerseed oil dropped to an insignificant level.

Inedible oil exports in 1974 are estimated at 84,000 tons, a drop of 24 percent from the previous year and the result of a delay in crushing the 1973-74 tung nut crop.

Shipments of oilseed cake and meal in 1974 are estimated at 785,000 metric tons, up 24 percent from those of 1973 and reflecting increased shipments of soybean meal.

Edible oil consumption in 1974 is estimated at 382,000 tons, 15 percent higher than in 1973, with sunflowerseed oil accounting for 92 percent of the total.

Domestic consumption of oilseed cake and meal in 1974 is expected to exceed that of the previous year by about 26 percent, with soybean meal accounting for 51 percent and sunflowerseed 27 percent of total utilization. This advance resulted from stepped-up production of broilers in 1974.

Stocks of both soybeans and sunflowerseed on August 1, 1974, were up significantly from those of a year earlier, but oil stocks were at relatively low levels.

Present prices of all edible oils are well above those of a year ago, with increases ranging from $45 per ton for sunflowerseed oil to $470 per ton for soybean oil.

In 1974, the Government set maximum percentages for export of oilseed cake and meal to assure adequate supplies for domestic consumption. The Government also reduced export retention taxes on soybean oil and most oilseed byproducts in order to accelerate exports of these products, which were below the authorized amounts.

The support price for the 1974-75 flaxseed crop was set 53 percent higher than for the previous crop, while the support price for sunflowerseed was increased 7 percent.

Except for excessive rainfall in the most important cotton producing zones and drought conditions during the nut formation season for peanuts, oilseed crops in 1973-74 developed under relatively favorable conditions.

The 4 percent reduction in the area planted to edible oilseeds in 1973-74 was more than offset by higher yields —particularly of sunflowerseeds—and total edible oilseed production exceeded that of the previous year by 3 percent.

The 19 percent decrease in area planted to flaxseed was partially offset by an improvement in yields, and flaxseed production was off by 10 percent from that in 1972-73. An increase in the collection rate for tung nuts resulted in a significant rise in production, and inedible oilseed production in 1974-75 exceeded that of a year earlier by 22 percent.

The National Grain Board had purchased 933,935 tons of sunflowerseed and 204,707 tons of soybeans from the 1973-74 crop, as of October 31, 1974. The Board also, as of September 27, had sold through tenders 42,703 tons of soybeans.

To assure adequate domestic supplies of oilseed products, the Government sets maximum percentages of meal for export. On March 22, 1974, the proportions for export were at 75 percent for sunflowerseed meal and 67 percent for peanut meal. On May 28, 1974, the proportions for export of cottonseed meal and soybean meal were set at 27 percent and 45 percent, respectively.

Since September 3, 1974, exporters of soybean, cottonseed, peanut, olive, linseed, and other blended edible oils have been required to present export declarations to the Government showing quantity, price, destination, and shipping date.

—Based on report from
Office of U.S. Agricultural Attaché
Buenos Aires

CAP Prices Discussed

In his recent book, *More Power to the Market—Economic Policies Without Illusions*, West German Economic Minister Dr. Hans Friderichs suggests that a combination of fixed prices and direct subsidies to farmers would be the best way to assure continuation of the Common Agricultural Policy (CAP) without its becoming a growing source of friction within the European Community.

Dr. Friderichs notes that a number of measures such as cow-slaughter premiums and nonmarketing premiums were introduced in 1969 because of the level of surpluses, but Community milk target prices rose by 23 percent from 1971-72 to 1974-75.

EC butter surpluses were reduced considerably in 1973 by exports to the USSR at cost of about $390 million to the Community.

Germans Eating Fewer Potatoes But Use of Products Climbs

By PAUL HESS
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WEST GERMANY'S traditional dependence on potatoes as a crop, food, and feed is declining rapidly, despite a strong upswing in use of potato products from its thriving processing industry. To meet the booming consumer demand, imports of potato products have gained importance in recent years. These come largely from other European Community countries such as the Netherlands, since imports from third countries are rigidly controlled by national marketing orders.

West Germany is likely to continue its tight regulations on imports of potato products, at least until they are replaced with EC-wide restrictions under a Common Agricultural Policy (CAP) for potatoes—envisaged for the future. Until then, domestic regulations will be enforced against third countries —including the United States—to protect a sector that is not wholly mechanized, burdened with rising labor costs, and plagued with declining prices, at least compared with other commodities that are CAP-protected.

A variety of controls are imposed on imports of potato products. For example, imports of dehydrated potatoes for food from non-EC countries have been prohibited. Import regulations on potato food products—such as French fries, chips, and canned potatoes—are liberalized only for products packaged in sizes much larger than those normally used in households. As a result, West German imports of potato products from the United States are negligible, amounting to only about $100,000 in 1973-74.

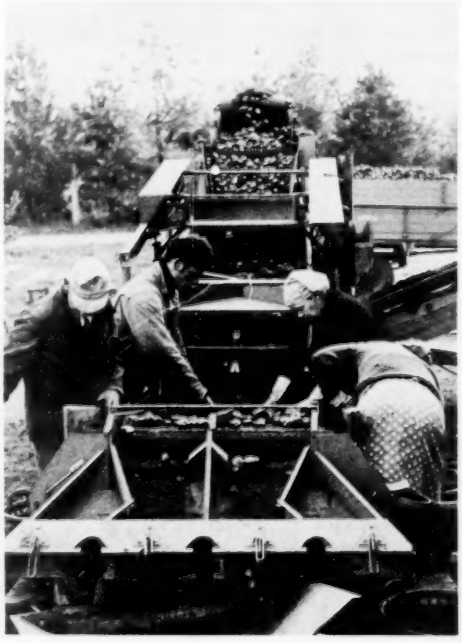
The German appetite for potato products has sharpened significantly in recent years. In the early 1950's, per capita consumption of processed products was less than 2.2 pounds (fresh potato value). By the 1970's, West Germans had increased their consumption dramatically to over 30 pounds per person.

The volume of potatoes processed into food, which amounted to only 41,000 metric tons in 1954-55, has now reached a level of about 900,000 tons. Even though the upward trend appears to have leveled off somewhat, the industry is confident of a further upswing in the future.

Processing of potatoes into starch and alcohol has also increased steadily, competing with grains that are also used for these products. In 1972-73, half a million tons of potatoes were converted into alcohol—double the quantity used for alcohol a decade ago. Since a ton of potatoes is needed to produce about 26.4 gallons (a hectoliter) of alcohol, the 500,000 hectoliters of ethyl alcohol produced by the industry yielded a significant quantity of liquor.

Between 350,000 and 400,000 tons of potatoes were processed into starch in 1972-73, compared with 210,000 tons in 1962-63 and 90,000 tons in 1952-53. Of the 68,000 tons of starch produced, however, about 80 percent was utilized in nonfood industries.

Fresh potatoes have been a staple in German diets since they were introduced into Prussia by Frederick II ("The Great") over 200 years ago. The



West German farmers sort potatoes, right, which require careful handling for the food market. Although modern equipment is now used extensively in potato harvesting, the older method of digging potatoes by hand is still seen, far right, particularly in part-time farming. Potatoes generally require more hand labor and are less profitable than grain or other easily mechanized crops—factors that have led to a decline in the popularity of potatoes as a crop in West Germany.

Germans, together with the Irish, are considered Western Europe's traditional consumers of potatoes.

Although fresh potatoes are still important in German diets, consumption has declined sharply. In 1972-73, average per capita consumption of potatoes dropped to 207 pounds, compared with 277 pounds in 1962-63 and 374 in 1952.53.

Changing farm practices have contributed to a decline in the popularity of potatoes as a crop. Increased production of more easily mechanized grain crops, as opposed to labor-intensive, less profitable root and row crops, has depressed plantings of potatoes during the past decade—a trend that has not yet come to an end.

IN 1973, POTATOES were grown on less than 1.2 million acres, against 2.3 million in 1963 and 2.9 million in 1953. Area planted to potatoes last year comprised only 6.4 percent of plowed land, dropping from 11.8 percent in 1963 and 14.4 percent in 1953. Preliminary data for 1974 call for another 2 percent area reduction.

Potatoes have always been an important feed in Germany. About half of the usable crop is traditionally fed to livestock, particularly hogs. Large mobile steaming units have all but eliminated the farm wife's daily chore of boiling a kettleful of potatoes. On larger farms, almost all potatoes not set aside for marketing or seed are processed by steaming and converted into nutritious ensilage. About 400,000 tons of potatoes annually are also dehydrated for feed, mostly under farmer-processor contracts.

Feed use of potatoes in West Germany—about the size of Oregon—is 16 times as high as that in the United States. The importance of potatoes in the country's feed-livestock economy can be judged from the old rule that four units of fresh potatoes replace one unit of grain in feeding. Thus, in recent years, an additional 1.5 million tons of grain would have been needed for livestock feeding, were it not for the use of potatoes as feed.

Although West Germany is a prominent producer of potatoes, imports of fresh potatoes are also significant. Early potatoes are imported from Italy and some other southern producing countries; eating as well as processing potatoes come mainly from the Netherlands and other European suppliers.

Continued on page 20

World Beef Problems Continue

Continued from page 5

The increase in slaughter at lighter weights—of calves and nonfeds here and in some other countries—will reduce numbers with a relatively less increase in beef production than in the past, and it should also ease potential pressure on feed supplies.

Finally, in the current situation, grain prices are so high that they have begun to limit production of pork and poultry, reducing the competition for the consumer's meat dollar and opening up more of the market for beef.

It is a jolting commentary on the state of the industry when essentially negative factors such as these can be looked upon as being of some help, but beyond the current crisis there is cause for genuine optimism—for two basic reasons.

First, most of the world does not eat much beef. The Middle East, for example, has a lot of money and is getting more, but it's people are sheep and goat meat eaters. Europe eats more pork than beef; Asia, particularly China, is heavy on pork and poultry.

The point is there is a wide scope in a number of these places to expand the market for beef. We need to get beef into those markets and let their consumers taste it.

There is a tremendous interest in Asia, and the opportunity comes clear when you realize that the average Japanese consumed 8 pounds of beef in 1972, the average Filipino 5 pounds, and the Taiwanese a single pound each. Per capita consumption of beef in the United States that year amounted to 118 pounds.

As those countries increase their beef consumption, they look primarily to Australia, but also importantly to the United States. Already, they are producing more cattle of their own. When Secretary Butz visited Asia last spring, the group toured a cooperative feedlot near Kyoto, Japan, with a capacity of 4,000 head. They stopped at a feedlot west of Seoul, Korea, with a capacity of 1,000 cattle and with 750 head actually on feed at the time. Local groups are working with U.S. technicians to increase livestock production in Taiwan and Thailand.

These new feed lots will be creating an expanding market for beef. As demand grows, these countries will be looking beyond their own borders to meet it, because in most of them climate and geography—often mountainous and overwatered—is not conducive to large-scale production of beef.

The second basic reason for optimism about the future lies in changes that are taking place in the U.S. beef industry itself. The upheavals that are taking place in almost all of agriculture, here and in much of the world, seem to indicate a fundamental change in the pricing structure, marketing, and even technique.

Dollar corn and two-and-a-half dollar soybeans are things of the past. The earliest relief even from the staggering prices of today is not in sight until at least late in 1975 as the grain and soybean harvests begin.

This situation is forcing shorter feeding and increased use of forage and grass. We are by force of circumstance breaking away from longtime feeding habits engendered by the piles of cheap grain that were available for decades in the past.

Understandably, the great bulk of the research during this cheap grain period has been in corn, sorghum, and soybeans. We do not really know the full potential of grass, or of forage—which, even now, is economically more productive in terms of yield per acre than grain.

We have more or less forgotten green stuff as a valuable raw material in the production of beef—certainly those who have been attacking the hamburger and steak as taking grain from hungry mouths forget that cattle are ruminants in that cattle alone among the three principal sources of meat do not have to have grain in order to give efficient production.

Certainly, the livestock industry needs grain—for hogs, poultry, and cattle. But the troubled state of the industry should also stimulate the search for new and better ways to put beef on the market—ways that are less dependent on grain, and that would permit both the grain and livestock segments of agriculture to prosper at the same time.

It seems that the most sophisticated agricultural plant in the world could devise a system in which the prosperity of the grain farmer is not achieved at the expense of the livestock producer, and vice versa.

CROPS AND MARKETS

FRUIT, NUTS, AND VEGETABLES

Taiwan Buys U.S. Apples

The Republic of China (Taiwan) recently purchased 150,000 cartons of apples from the Pacific Northwest States. This is the largest purchase during the 3 years that Taiwan has permitted a limited access to that market. A portion of the purchase has arrived in Taipei with balance enroute.

EC Proposes Hops Subsidies

The European Community Commsssion recently proposed to the EC Council the amount of subsidies to be granted EC producers of hops harvested in 1973. The proposed amounts for the following varieties of hops with the subsidies granted for some of those produced in 1972 in parentheses are (in units of account (U.A.) per hectare where one U.A. = U.S.$1.21): Hallertauer, 250 (250); Northern Brewer, 150 (150); Brewers Gold, 100 (150); Record, 650 (300); Hersbrucker Spat, 150 (150); Huller Bitterer, 200 (150); Tettnanger, 200 (150); Bramling Cross, 150; Progress, 750; Keyworth's Midseason, 750; Fuggles, 650; Whitbread Golding Variety (WGV), 750; Alliance, 750; Tutsham, 750; Strisselspalt, 450 (750); and Tardif de Bourgogne, 200 (300). The subsidies proposed for two varieties are not available, but the amounts for the 1972 crops these two were: Saaz (400) and Spalter (300).

Australia Reports 1974 Canned Pineapple Production

Preliminary indications for Australia's 1974 canned pineapple production point to a level similar or slightly below that of last year. The fresh fruit supply was larger with an increase in cannery intake of 1,000 metric tons. However, pineapple output did not increase significantly because wastage was high as the result of the large number of fruit affected by black heart disease. The canned pack is estimated at 1,700,000 cartons, basis 24/2½'s, compared with 1,739,000 cases in 1973. Due to the limited supplies of papaya, canned tropical fruit salad production is expected to drop again to 180,000 cartons. Marketing problems have reduced pineapple juice packs to 800,000 cartons.

The outlook for the 1974 export season is for a decline in canned pineapple shipments, to about 175,000 cartons. Exports to the United Kingdom will be negligible, with African suppliers having associate membership in the European Community now enjoying preferential access and making Australian fruit uncompetitive. Larger sales to New Zealand and the United States will partly offset the loss of the British market.

Australian exports of canned pineapple during calendar 1973 totaled 184,359 cartons. Prices on the world market remained unattractive to the average Queensland producer. Canada and New Zealand were the major export markets. Canned tropical fruit salad exports were 24,800 cartons. Pineapple juice exports totaled 76,300 cartons, somewhat higher than shipments in 1972.

In 1968 the Queensland Government introduced a two-price pool system for processing fruit. The No. 1 pool is paid on the basis of domestic market returns; the No. 2 pool is paid on the basis of export returns. Growers plan production with the assurance of a reasonable return for the pre-determined volume of fruit they are entitled to deliver to the No. 1 pool. The upward trend in domestic consumption of canned pineapple continued through 1973.

The net effect of this Government Pineapple Rationalization Plan has been a steady decline in pineapple produced for the export market, with output increasingly tailored to domestic market requirements. The outlook for the Australian pineapple industry calls for continued stability over the next few years. There is little prospect for increasing export sales of canned pineapple or pineapple products, and as a result, the domestic market will remain the major outlet for the industry.

Spain Has Larger Processed Tomato Crop

Current estimates place Spain's 1974 processing tomato crop above the mid-July forecast. Acreage harvested for processing tomatoes has reached a record high of 49,420 acres for 1974, up 21 percent from last year and 8 percent above the previous forecast. The harvest is placed at 570,000 metric tons, an increase of 19 percent, compared with that of last year. Quality and size of the tomatoes are good, primarily because of favorable weather conditions.

Expanded acreage has been centered primarily in the Estremadura area, the largest tomato production region, where acreage has almost doubled, compared with the previous year's level. Implementation of mechanical harvesting is increasing, with about eight harvesters in operation for 1974, compared with only two the previous year. Government assistance to growers now is limited to the procurement of inputs such as fuel, seeds, and certain equipment.

A substantial increase in tomato paste output is expected, placing 1974 production at around 55,000 metric tons, about double last year's output. Production of canned whole tomatoes, at 156,000 metric tons, is up 7 percent and tomato juice output is estimated at 4,000 metric tons, up 33 percent from last year's level. Tomato processing capacity is unchanged from that of the previous year.

Export sales to date are substantially lower than those of a year earlier, especially to West European markets. However, the outlook for export sales is strong because of the smaller pack in Portugal and Italy. Government assistance for tomato product exports continues in the form of tax refunds of 12-20 percent of the declared f.o.b. value. In addition, Government assistance recently has been extended to provide short-term loans to finance up to 80 percent of the value of tomato prod-

ucts for firm orders.

Despite increasing production costs, 1974 finished product prices are about the same or below price quotations during the end of the 1973-74 year. This price behavior is caused by larger supplies and slow export movement resulting from resistance to higher prices by foreign consumers. Paste (28-30 percent solids) currently is quoted at about $885 per metric ton, approximately 4 percent above the Greek base price of $850 per metric ton.

Spain's tomato product exports for the 1973-74 season (in metric tons) were: Canned tomatoes, 61,400; paste, 18,500; and juice, 1,953. The major export market for Spanish tomato products was the United Kingdom, with the United States, Canada, and Belgium as considerably smaller markets.

DAIRY AND POULTRY

EC Milk Powder for Food Aid

The European Community Commission has proposed that one-third of the EC's 300,000-metric-ton stock of surplus skim milk powder be designated for use in helping victims of natural disasters. The EC reportedly will sell the 100,000 tons of skim milk powder to relief organizations for about 24 cents per pound—about half the price paid by EC intervention authorities to remove the surplus from the internal market. The estimated cost to the Community for the aid is about $52 million.

Cuba Buys EC Broilers

Denmark reportedly has sold an additional 6,000 metric tons of broilers to Cuba for delivery during the first quarter of 1975. No sale price was announced, but the trade reports that little if any profit was made on the sale. The major concern was to help clear the market of excess supplies. In September Denmark concluded a sale of 8,000 metric tons of broilers to Cuba, which was completed in December.

OILSEEDS AND PRODUCTS

Food Fish Quotas Set for 1975

Fishing quotas during 1975 for food-type fish were established at a mid-term meeting of the North-East Atlantic Fisheries Commission held in Hamburg during November 4-8.

Total allowable catches in the North Sea in 1975 were set at 236,000 tons of cod, 275,000 tons of haddock, 189,000 tons of whiting, 12,500 tons of sole, and 126,000 tons of plaice (European flounder).

Further quotas set for sole and plaice were: In the English Channel, 1,400 tons of sole and 3,260 tons of plaice; in the Bristol Channel, 700 tons of sole and 800 tons of plaice; and in the Irish Sea, 1,700 tons of sole and 5,000 tons of plaice.

Herring catches in the Irish Sea from April 1975 through March 1976 were limited to 25,000 tons. During the first half of 1975 catches of mackerel for industrial purposes in the North Sea, Skagerrak, and Kattegat will be allowed to range between 2,500 and 10,000 tons for each Contracting State, in proportion to their respective catches during the same period in 1972 and 1973.

The Commission postponed regulating 1975 catches of Arcto-Norwegian cod in the Northeast Arctic until its next meeting in Bergen on January 13-15, 1975.

The Commission agreed that a closed season for herring in the North Sea and Skagerrak during the first half of 1975 should be decided by each Contracting State.

Contracting States include Belgium, Denmark, France, West Germany, Iceland, Ireland, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, the USSR, and the United Kingdom.

In attendance were representatives from the United States, the International Council for the Exploration of the Sea, the Food and Agriculture Organization, the Organization for Economic Cooperation and Development, and the European Community.

France Harvests First Commercial Soybeans

Soybeans were produced commercially for the first time in France during 1974, reports the U.S. Agricultural Attache in France. Despite poor weather conditions, area planted is estimated at 9,500 acres and output between 8,000 and 9,000 metric tons (equal to a yield of about 33 bushels per acre).

Plantings are projected at 250,000 acres by 1980 with production at a level of about 9 million bushels. However, the projected increase in production would be about 10 percent of the projected soybean meal demand for the French compound feed industry in 1980.

World Rapeseed Production Unchanged in 1974

World production of rapeseed in 1974 is estimated at 6.95 million metric tons, equaling the 1973 outturn. Record rapeseed crops were harvested in the European Community, but 1974 production in other major producing countries—including Canada, India, and Poland—declined because of unfavorable weather conditions.

Rapeseed varieties low in erucic acid (LEAR) now are used extensively in Canada, Sweden, France, and West Germany. Oil obtained from LEAR varieties is preferred for edible use because the erucic acid, considered harmful to human health, has been eliminated almost entirely. Moreover, another new rapeseed variety called double zero, because of its low erucic acid and glucosinolate content, is expected to be sown in Canada in 1975. Thus, Canada's rapeseed meal, low in glucosinolates, could compete more directly with soybean meal in 1975-76.

LIVESTOCK AND PRODUCTS

Australia To Aid Cattle Producers

The Australian Government will seek an additional A$20 million (US$26.2 million) to augment the resources of the Commonwealth Development Bank. In addition, it has been indicated that the Commissioner for Taxation will decide which cattle producers are able to demonstrate that they do not have the resources to meet tax obligations.

To forestall the marketing of surplus beef now on the range and to maintain the national breeding herd, the additional loans will carry medium- to long-range repayment

schedules. Priority will be given to those cattle producers whose income is wholly or primarily derived from cattle.

To ease short-term marketing problems for beef, a survey team plans to visit some of the East European countries to explore market opportunities for Australian beef.

In the domestic market, a reduction in retail prices could encourage a significant increase in beef consumption. During the week of November 8, 1974, the price to the cattle producer was 13.75 U.S. cents per pound, live weight, (25 cents per lb dressed weight) for slaughter-type animals.

U.K. Pig Subsidy Ends

A subsidy of 50 pence (US$1.17) per 20 pounds, introduced on April 1, has been terminated because of a weakening in the U.K. pig market. Originally designed to terminate in July, it had been extended for an indefinite period. The U.K. Minister of Agriculture announced on October 16 that the subsidy would be phased out by November 4. As partial compensation to pig producers, the guaranteed price was raised from £3.49 (US$8.13) per 20 pounds to a point not yet determined between £4.02 (US$9.37) and £4.27 (US$9.95). With U.K. pig prices higher than those of any other part of the European Community, the continuation of the subsidy was determined by the Minister to be unnecessary.

Reaction to this change from the National Farmers' Union has been generally unfavorable. The union contends that market prices for pigs have resulted in little more than a break-even return and have done nothing to compensate producers for the losses of previous months.

SUGAR AND TROPICAL PRODUCTS

World Coffee Situation for November

World green coffee prices during the latter part of November and early December have risen above previous levels. Colombians posted the largest gain, selling for 81 cents spot on December 4, an 11 percent increase over the November 1 price of 73 cents. Centrals increased 5 percent from early November levels and stood at about 60 cents on December 4. Santos 4's (Brazils) at 70 cents, and Ambriz BB (Robustas), at 56 cents, showed no change as of December 4.

U.S. imports of green coffee during January-November 1974 are estimated at 17.4 million bags, 14 percent less than the 20.2 million bags imported during the same period of 1973. The decreased volume of imports in 1974 is partially the result of a drawdown in stocks from the previous high levels of the first 6 months of 1974. U.S. stocks of green coffee at the end of October were approximately 3.2 million bags, a 35 percent decrease from the January-June 1974 average of 4.9 million bags.

World Cocoa Prices, Consumption Decline

World cocoa prices turned downward in November, reflecting prospects of sharply lower world cocoa consumption because of record high sugar and cocoa prices, together with the deteriorating economic outlook in major consuming nations. New York spot Accra cocoa bean prices averaged 104.2 cents per pound in November, down from the record October average of 115.1 cents, but still remained well above the November 1973 level of 73.4 cents. The movement of new crop supplies to consuming countries, which has relieved the recent tight supply situation and improved prospects for the Brazilian crop, also has contributed to the downward trend in cocoa bean prices.

The world cocoa supply-demand outlook for the 1974-75 season now indicates a stock buildup of about 75,000 metric tons, following 2 consecutive years of substantial inventory reductions. However, retail prices of cocoa and chocolate items still will continue to rise during 1975, as manufacturers have yet to fully reflect the high costs of sugar and cocoa and other ingredients in product lines.

The United States is the world's largest importer and consumer of cocoa and chocolate products.

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Dec. 31	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.27	+ 5	6.26
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	6.18	+11	6.26
15 percent	6.28	+ 9	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	5.94	+ 6	6.30
No. 3 Hard Amber Durum	7.99	+ 2	9.12
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	4.04	+ 6	3.35
Argentine Plate corn	4.57	+ 7	3.71
U.S. No. 2 sorghum	4.11	+10	3.32
Argentine-Granifero sorghum	4.22	+10	3.30
U.S. No. 3 Feed barley	3.85	− 2	2.83
Soybeans:			
U.S. No. 2 Yellow	7.48	−51	6.50
EC import levies:			
Wheat	0	0	0
Corn	0	0	0
Sorghum	0	0	0

[1] Not quoted. [2] Basis c.i.f. Tilbury, England.
NOTE: Price basis 30- to 60-day delivery.

Sweden's Seed Import Needs for 1975

Sweden's reported 1974 forage seed production indicates shortfalls in supplies of red clover and Alsike clover. While production of these seeds was severely reduced by rains during harvest periods, carryover stocks of these seeds reportedly will cover needs. An exportable surplus of timothy seed was produced.

Principal seed import requirements in 1974-75 are for Kentucky blue grass, fescue, and bent grass. Small quantities

of seed of other forage crops also may be imported.

During the first 8 months of calendar 1974, Swedish imports of U.S. seed were (in metric tons): Bent grass, 250; timothy, 64; Kentucky blue grass, 53; alfalfa, 52; fescue, 34; and other grass seeds, 14. Total 1974 Swedish seed imports are estimated at 2,700 metric tons, of which 800 metric tons came from the United States.

SWEDEN FORAGE SEED: 1974 PRODUCTION AND 1975 COMMERCIAL REQUIREMENTS

Seed	Area	Yield	Production	Imports required
	Hectares	*Kilograms*	*Metric tons*	*Metric tons*
Red clover	1,300	250	325	900
Alsike clover	320	400	128	150
Timothy	4,842	370	1,790	1,600
Fescue	2,106	650	1,370	1,750
Cooksfoot	25	400	10	50
White clover	122	360	44	60
Kentucky blue grass	434	530	230	750
Rye grass	432	1,070	460	[1] 620
Bent grass	—	—	—	400

[1] Of which perennial rye grass represents 600.

Chilean Forage Seed Output Up

Chile's 1973-74 production of legume and grass seeds is estimated at 1,200 metric tons (2,640,000 lb), an increase of 50 percent over the preceding year's crop. This increase reportedly resulted from facilities granted to seed producers of the private and reformed sector of agriculture, such as credits and technical assistance from the *Empresa Nacional de Semillas (ENDS)*. Trade reports indicate that area planted to pasture and legume seeds could increase in 1974-75 to 15,000 acres, producing over 1,500 metric tons of seeds.

Imports of pasture and legume seeds during 1974 are expected to total 1,000 metric tons, the same level forecast for 1975 import requirements.

More Forage Area in Japan

The Japanese Ministry of Agriculture and Forestry reported that cultivated forage crop land totaled about 2.13 million acres on August 1, 1974 an increase of 45,000 acres over the level a year earlier. Breakdown (in acres) by kinds is: Grass and legume crops, 1.67 million, up 4 percent; silage corn, 189,000, down 1 percent; forage sorghums 43,490, up 13 percent. Area planted to grass and legumes rose by 68,700 acres—mainly in Hokkaido, Tohoku, and Kyushu—because of grassland improvement projects, but areas in vetch, feed beets, and feed turnips decreased by 19,450 acres, down 11.7 percent.

TOBACCO

Austria Ups Cigarette Prices

The Austrian National Assembly recently reached a compromise decision to raise cigarette prices by an average of 13 percent. The Tobacco Monopoly was seeking a 15 percent increase in addition to a 5.5 cents per pack surcharge recommended by the Ministry of Health and Environment. The Government's desire to stabilize the cost-of-living index led to the compromise 13 percent increase. The additional revenue will be shared by the Monopoly and health authorities.

An initial drop in consumption followed by a gradual return to present consumption levels is expected. Some smokers will simply shift to lower priced brands.

The United States ships Austria nearly 4 million pounds of leaf tobacco annually. The five brands that contain the majority of this tobacco are priced at the lower end of the price scale. Therefore, any shift to less expensive cigarettes could increase the demand for U.S. leaf. These five brands held a 53.8 percent market share in 1973.

India Has Record 1974 Tobacco Crop

Final official estimates from India place its 1974 tobacco crop at an alltime high of 973 million pounds. Although 19 percent above the 1973 crop and 5 percent over the previous record production harvested in 1972, the crop was still short of the 992-million-pound Government target. The increase is attributed primarily to higher per acre yields, which were up 18 percent. Area increased less than 1 percent.

India ranks third as a world producer of flue-cured leaf with the 1974 crop unofficially estimated at 310 million pounds. This is up 21 percent from the 1973 crop but 27 million pounds short of the Government target for this type.

In 1973 India exported 165 million pounds of leaf tobacco. Flue-cured accounted for 141 million pounds of the total and went primarily to the United Kingdom, the USSR, Bangladesh, and Japan. The average export value of all tobacco exports was 49 cents per pound in 1973, up 14 percent from the level a year earlier.

Malaysia Increases Tobacco Import Duties

Malaysia recently announced increases in import duties for leaf tobacco, cigars, and cigarettes. The new rates were effective as of November 12, 1974. Unmanufactured tobacco import duties will now be $4.87 per pound, up 19 percent from the previous rate of $4.09. Cigars and cheroots carry a $8.70 per pound duty, up 25 percent from $6.96. The levy on cigarettes was raised 20 percent to $6.52 from $5.43. Approximately 5 percent of the Malaysian State revenue is collected from import duties and the excise taxes on tobacco and tobacco products.

Malaysian imports of U.S. leaf totaled 8.9 million pounds, valued at $11.9 million, in 1973. The U.S. share of the Malaysian market was 82 percent in volume and 88 percent in value. The tariff increase is not expected to significantly affect U.S. exports of unmanufactured tobacco to Malaysia.

Other Foreign Agriculture Publications

- World Exports of Oilseeds, Fats, and Oils Continue Below Trend in 1974 (FOP 10–74)
- World Cotton Production Up Marginally in 1974–75 (FC 21–74)
- U.S. Ginseng in the Far East Market (FASM–261)

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West German Use of Potato Products Climbs

Continued from page 15

WEST GERMANY: FRESH POTATO BALANCES

Item	1952-53	1962-63	1972-73
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Production	23,854	25,091	15,038
Shrinkage	1,908	2,007	1,203
Change in stocks	0	+930	+187
Imports	139	293	877
Exports	42	98	120
Total domestic use	22,043	22,349	14,405
Seed	2,900	2,303	1,201
Feed	10,067	12,065	6,239
Marketing losses	335	308	267
Industrial use	225	433	899
Food	8,516	7,240	5,800
	lb	*lb*	*lb*
Food use, per capita	374	277	207

WEST GERMANY: PRODUCTION OF POTATO FOOD PRODUCTS [1]
[1,000 m.t. product weight]

Item	1967	1968	1969	1970	1971	1972	1973
Dehydrated products	52.2	61.3	78.8	88.2	71.5	61.5	61.2
Chips	6.8	8.7	11.8	14.7	15.8	18.1	19.1
Frozen products	12.7	14.4	19.0	23.9	28.9	29.9	31.0
Preroasted products	49.9	60.7	80.1	94.9	100.9	117.3	112.7
Other	4.5	6.1	10.9	15.8	30.9	32.0	48.5
Total	126.1	151.2	200.7	237.6	247.9	258.8	282.4
Total as fresh equiv.	536.8	665.4	811.9	941.6	876.7	863.1	897.7

[1] In plants with more than 10 employees.

WEST GERMANY: FOREIGN TRADE IN MAJOR POTATO PRODUCTS
[In 1,000 metric tons]

Item	Imports		Exports	
	1963	1973	1963	1973
Dried potatoes [1]	0.5	2.0	0.1	0.9
Flour, granules, flakes	.7	5.3	.6	3.8
Potato starch	33.2	54.3	.2	10.7
Potato food products [2]	([3])	41.9	([3])	2.3

[1] Not further processed. [2] Includes French fries, chips, dumplings, canned potatoes. [3] Not available.

Israel's Citrus Crop

Continued from page 7

have set up the Association of Citrus Products and Preserves, using "Jaffa Gold" as their trademark.

The competition for export markets that exists among Israeli processors is being challenged by the Citrus Products Export Board, but unlike the Citrus Marketing Board, the CPEB has no legal power and serves chiefly as a semivoluntary office of coordination. Efforts to strengthen the CPEB have thus far met with the resistance of the larger processors. The Board serves also as the processors' representative to the CMB —the only seller of raw product to the processing industry.

Citrus processors, who comprise an export-oriented industry, are able to profit from the full range of Government incentives directed at encouraging exports—including the maximum export premium (at the same rate as for fresh citrus), loans at preferred terms, and—for plants located outside the Tel Aviv metropolitan area—certain tax concessions. In addition, they obtain sugar at subsidized prices.

Prices formerly were negotiated between producers and processors, with the active cooperation of the Ministry of Agriculture and the Ministry of Commerce and Industry, but since 1972 a formula has been devised to increase prices gradually in small annual increments. But these increments have not kept pace with inflation and the agreement was cancelled by the CMB after the last of the 1973-74 crop was processed.

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